



New Maths GCSE: R9 - Compound Interest

Name:.....

Date:.....

A bank pays compound interest of 5% each year. Kate deposits £500.

Which calculation below would work out how much money Kate would have in her bank after 3 years?

A $(500 \times 1.05) \times 3$

B $500 \times 1.05 \times 1.05 \times 1.05$

C $500 + (3 \times 1.05)$

D 1.05×500^3

Correct Answer: A B C D

Explanation:

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Each year, Peter gets a pay rise of 8%. Initially he is paid £20,000

Which calculation below shows how much Peter is paid at the end of 2 years?

A 20000×1.8^2

B $20000 \times 1.08 \times 2$

C $20000 + 1.08 \times 1.08$

D 20000×1.08^2

Correct Answer: A B C D

Explanation:

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Each year, my car depreciates in value by 12%. At the moment it is worth £1,500

Which calculation below shows how much my car is worth after 4 years?

A $1500 \div 1.12^4$

B $1500 - 1.12 \times 1.12 \times 1.12 \times 1.12$

C $1500 \times 0.88 \times 0.88 \times 0.88 \times 0.88$

D 1500×1.12^4

Correct Answer: A B C D

Explanation:

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£200 is invested at 5% per annum compound interest for three years. The interest earned is given by:

A. $200 \times 1.05^3 - 200$ B. $200 \times 1.05 \times 3$

C. $200 \times 0.05 \times 3$ D. 200×0.05^3

Correct Answer: A B C D

Explanation:

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 Compound interest

£600 is invested at a compound interest rate of 5% per annum.

What is it worth after 3 years?

A: £694.58 C: £690

B: £694.56 D: £694

Correct Answer: A B C D

Explanation:

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